

# FUND POSITION STATEMENT

Classification: Unrestricted  
Item: D2 refers

## Summary of Fund Asset Allocation and Performance

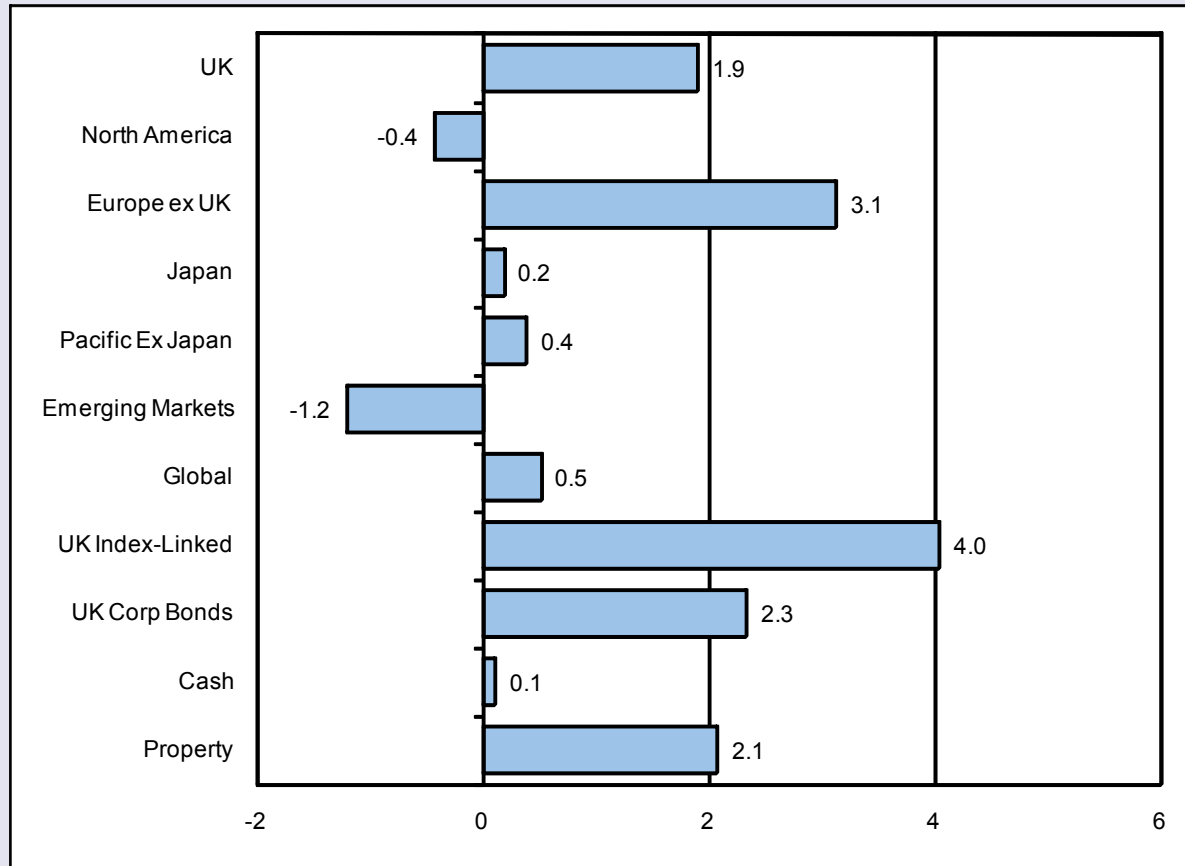
### Superannuation Fund Committee

2 September 2011

By: Chairman Superannuation Fund Committee  
Acting Corporate Director of Finance and Procurement



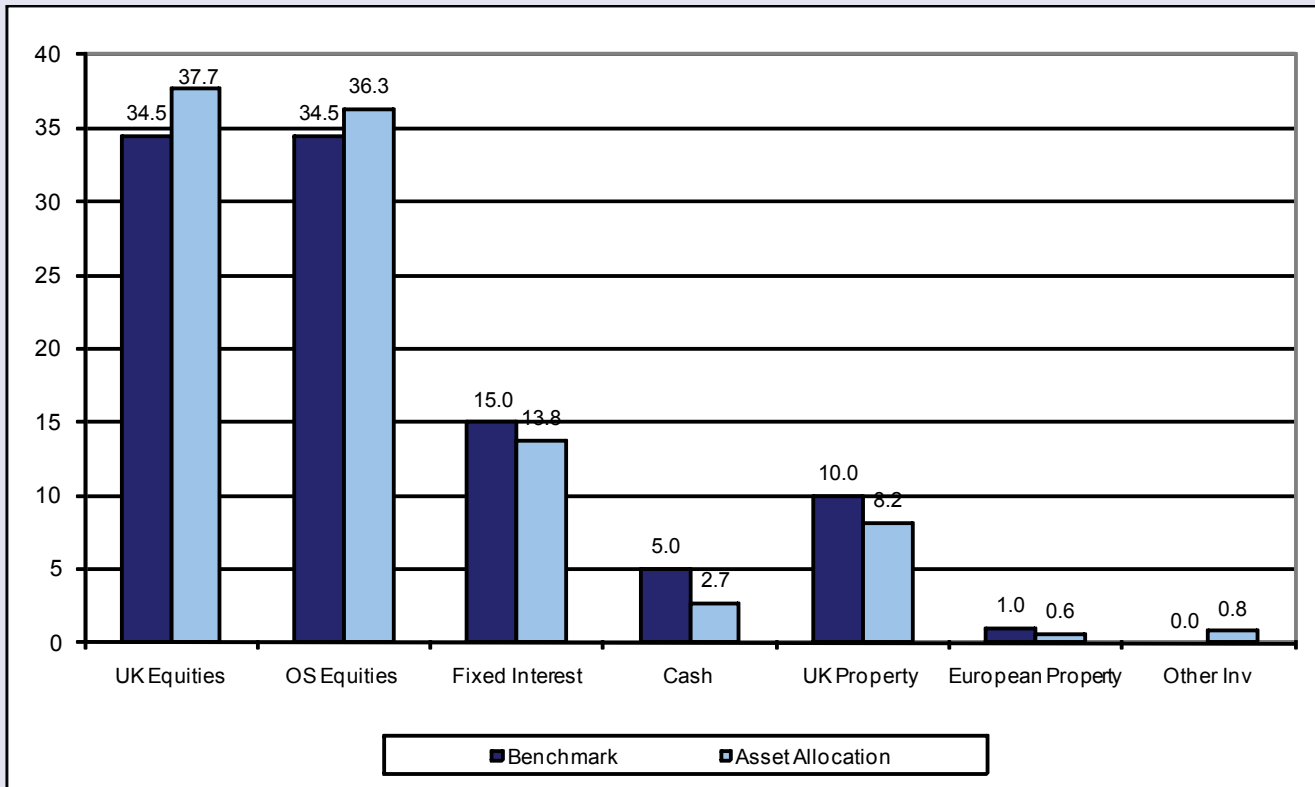
## Market Returns -3 months to 30 June 2011



- Global Equities rallied in the last week of June in response to a successful vote on Greek austerity measures after a volatile quarter. However, world markets still only managed marginal gains over the quarter with Emerging markets and North America ending the quarter below where it started.
- Europe ex UK performed best in the equity markets led by strong performance in France and Germany
- UK Indexed Linked showed the best returns over the quarter.

# Kent Fund Asset Allocation vs Fund Benchmark

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Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,209	37.7	34.5
Overseas Equities	1,164	36.3	34.5
Fixed Interest	441	13.8	15.0
UK Property	263	8.2	10.0
European Property	18	0.6	1.0
Cash	86	2.7	5.0
Other Inv	26	0.8	-
<b>Total Value</b>	<b>3,207</b>	<b>100</b>	<b>100</b>

# Asset Distribution Fund Manager

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Values (GBP)'000	Mandate	Value at				Value at	%	Benchmark
		31/03/2011	Transactions	Capital Gain / loss	Income			
Schroders	UK Equity	540,724	4,887	3,076	4,933	548,686	17	Customised
Invesco	UK Equity	355,861	0	16,175	0	372,036	12	Customised
State Street	UK Equity	245,009	-5,000	4,651	0	244,660	8	FTSE 100 All Share
State Street	Global Equity	292,691	0	718	0	293,409	9	FTSE All World ex UK
Baillie Gifford	Global Equity	574,753	5,274	-725	5,181	579,302	18	Customised
GMO	Global Quantitative	191,489	0	2,934	0	194,423	6	MSCI World
Schroders	Global Quantitative	149,993	0	655	0	150,649	5	MSCI World
Goldman Sachs	Fixed Interest	246,869	145	5,795	128	252,809	8	ML £ Broad Market
Schroders	Fixed Interest	195,822	718	952	718	197,492	6	ML £ Broad Market
Impax	Environmental	26,877	0	-1,047	0	25,830	1	MSCI World
DTZ	Property UK	262,049	1,875	1,058	3,951	264,982	8	IPD All Properties Index
DTZ	Property Europe	17,156	5	968	130	18,130	1	IPD All Properties Index
Harbourvest	Private Equity	1,138	0	68	0	1,206	0	
YFM	Private Equity	2,039	-97	149	97	2,091	0	
Partners	Infrastructure	15,067	0	-407	0	14,660	0	
Henderson	Infrastructure	8,165	0	-35	0	8,130	0	
Internally Managed	Cash	33,976	4,920	0	56	38,895	1	LIBID 7 Day Rate
<b>Total Fund</b>		<b>3,159,679</b>	<b>12,725</b>	<b>34,986</b>	<b>15,193</b>	<b>3,207,391</b>	<b>100</b>	<b>Kent Combined Fund</b>

# Performance Returns to 30 June 2011

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<b><u>Total Fund</u></b>	1.6	1.4	18.5	17.9	7.4	6.8
<b>UK Equity</b>						
Schroders UK	1.5	1.9	25.8	25.1	9.4	6.5
State Street	1.9	1.9	25.6	25.6		
Invesco	4.5	1.9	19.6	25.6	7.4	6.6
<b>Overseas Equity</b>						
Baillie Gifford	0.8	0.9	24.1	22.0	11.4	8.6
GMO	1.5	0.3	21.8	21.6	7.3	8.3
Schroders GAV	0.4	0.3	22.3	21.6	12.4	8.3
State Street	0.2	0.3	21.6	22.0		
Impax Environmental Fund	-3.9	0.3				
<b>Fixed Interest</b>						
Goldman Sachs Fixed Interest	2.4	2.3	6.5	4.0	8.4	7.3
Schroders Fixed Interest	0.9	1.3	3.9	2.4	9.4	6.1
<b>Property</b>						
UK Property	1.9	2.1	9.8	9.1	3.3	0.2
Overseas Property	6.4	2.1	10.0	9.1	-8.3	0.2
<b>Private Equity</b>						
Harbourvest	6.0	0.1				
YFM	12.6	0.1	32.5	0.4		
<b>Infrastructure</b>						
Partners	-2.7	0.1				
Henderson	-0.4	0.1	27.0	0.4		

- The Fund increased in value over the quarter to over £3.2bn.
- The fund outperformed the benchmark over the quarter by 20 basis points. This put the fund in the 33rd percentile in the WM local authority rankings.
- The fund produced a return of 18.5% over the year, ranking us 30th in the WM Local Authority rankings. The fund is also ranked 30th over 3 years returning 7.4%.
- Most equity fund managers outperformed their benchmarks over the quarter. Invesco are the top performing equities manager over the quarter whose defensive strategy has performed well in recent months.
- Schroders UK, Baillie Gifford and Impax all underperformed relative to their benchmarks
- Over the longer term, Baillie Gifford, Schroders UK Equity and Schroders GAV have performed particularly well, outperforming their benchmarks by around 3% over 3 years
- Both Fixed Interest managers outperformed their benchmark over 1 year and 3 years although Schroders did underperform over the quarter.

5

Data Source: The WM Company  
- returns subject to rounding differences

# Fund Structure

<u>UK Equities</u>	<u>Global Equities</u>	<u>Fixed Interest</u>	<u>Alternative</u>
Schroders +1.5% £549m	Baillie Gifford +1.5% £579m	Goldman Sachs +0.75% £253m	DTZ UK Property £265m
State Street +0.0% £245m	GMO +3.0% £194m	Schroders +1.0% £197m	DTZ Europe Property £18m
Invesco Unconstrained £372m	Schroders +3.0 - +4.0% £151m		Kent Cash £39m
	State Street +0.0% £293m		Henderson Secondary PFI £8m
	Impax £26m		YFM Private Equity £2m
			Harbour Vest £1m
			Partners £15m

6

Market Value £3.2bn  
as at 30th June 2011